

Message Text

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PAGE 01 GENEVA 03129 01 OF 02 172256Z

73

ACTION EB-11

INFO OCT-01 ISO-00 IO-14 AF-10 ARA-16 EA-11 EUR-25 NEA-14

RSC-01 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SP-03 FEA-02 OMB-01 SWF-02 OIC-04 DRC-01 /249 W

----- 067491

R 171730Z MAY 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 5859

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 3129

PASS STR

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PAGE 02 GENEVA 03129 01 OF 02 172256Z

E.O. 11652: N/A

TAGS: GATT, ETRD, EFIN

SUBJ: MTN: GROUP 3(A) -- TARIFFS

1. BEGIN SUMMARY: MTN GROUP 3(A) ON TARIFFS MEETING MAY 14-16 SUPPORTED U.S. PROPOSAL FOR TARIFF DATA BANK, FELT BASE YEAR FOR TRADE STATISTICS SHOULD INCLUDE SEVERAL YEARS, AND SUPPORTED INCLUSION OF QUANTITY DATA IN TARIFF STUDY BASIC FILES BUT DEFERRED FINAL DECISIONS UNTIL NEXT MEETING. GROUP TOOK NO DECISION ON UNIT OF ACCOUNT AND ESTABLISHMENT OF SEPARATE COLUMN FOR PREFERENTIAL TRADE IN GSP TABULATIONS. END SUMMARY.

2. U.S. PROPOSAL FOR TARIFF DATA BANK. U.S. (MCNAMARA) EXPLAINED DETAILS OF ITS PROPOSAL MADE AT LAST MEETING FOR CURRENT TARIFF RATE FILE. SEVERAL DELS--NOTABLY JAPAN, CANADA, EC, AUSTRALIA--STATED THEY HAD PROBLEMS WITH CERTAIN ASPECTS OF PROPOSAL, BUT JOINED OTHER DELS IN SUPPORT FOR GENERAL PROPOSAL WITH UNDERSTANDING IT DOES NOT PREJUDGE LATER DECISIONS ON BASE RATES/BASE DATES. BRAZIL, SUPPORTED BY SEVERAL OTHER LDC'S, EC AND EASTERN EUROPEANS SUGGESTED ADDITION OF FOURTH COLUMN FOR GSP RATES. US RELUCTANTLY AGREED, NOTING U.S. VIEW THAT GSP RATES NOT SUBJECT FOR MTN NEGOTIATIONS. DISCUSSION OF PROBLEMS ON SUBMISSION OF DATA, SUCH AS VARYING DEFINITIONS OF STATUTORY AND APPLIED TARIFF RATES, AND AD VALOREM EQUIVALENTS OF SPECIFIC RATES TO BE CONTINUED AT NEXT MEETING.

3. BASE RATES BASE DATE FOR NEGOTIATIONS. CHAIRMAN (PATTERSON), SPEAKING FOR GATT SECRETARIAT, SAID DIFFERENT BASE DATES WERE USED IN KENNEDY ROUND AND THIS DID NOT SEEM CAUSE DIFFICULTIES OR RAISE OBJECTIONS. MOST RECENT POSSIBLE BASE DATE FAVORED BY SWEDEN, SWITZERLAND. COUNTRIES WHICH TOOK POSITIONS ON ISSUE STATED JAN 1, 1972 (FINAL STAGE OF KENNEDY ROUND TARIFF REDUCTIONS) SHOULD BE EARLIEST APPROPRIATE BASE DATE. EC ASKED EACH COUNTRY SUBMIT SUPPLEMENTAL PAPER DESCRIBING TARIFF RATE STRUCTURE AND PRACTICES AND PROCEDURES. U.S. SAID THIS COULD SERVE AS USEFUL LIMITED OFFICIAL USE

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PAGE 03 GENEVA 03129 01 OF 02 172256Z

EXPLANATORY NOTE FOR EACH COUNTRY'S SUBMISSION FOR TARIFF FILE. FOLLOWING CANADIAN COMMENT THAT DETERMINATION OF BASE RATES SHOULD APPROPRIATELY PRECEDE DISCUSSION OF BASE DATE ISSUE, JAPAN, SWITZERLAND AND CANADA STATED GATT RATES OR IN ABSENCE OF A GATT RATE "STATUTORY" RATES SHOULD BE BASIS OF NEGOTIATIONS GROUP FELT SINCE BASE RATE/BASE DATE QUESTION IS RELATED TO SUBSEQUENT DECISIONS ON TARIFF REDUCTION FORMULAE, IT PREMATURE

REACH DECISION.

4. BASE YEAR FOR COLLECTION OF STATISTICS. EC SAID BASE YEAR FOR KR HAD BEEN SINGLE OBILE YEAR, BEGINNING WITH USE OF 1961 DATA IN 1964 AND ENDING WITH 1964 DATA IN 1967. EC PREFERRED SERIES OF YEARS BECAUSE OF RECENT PRICE AND PARITY CHANGES. U.S. SAID THERE HAD BEEN NO AGREEMENT IN KR TO USE ANY YEAR BUT AGREED ON NEED FOR HISTORICAL DATA OVER TIME, SPECIFICALLY TO INCLUDE MOST RECENT YEARS AVAILABLE. SWEDEN, JAPAN, CANADA, AUSTRIA, BRAZIL, ISRAEL, POLAND AGREED. AUSTRALIA OPPOSED AGREEMENT NOW TO USE 1973 DATA, SINCE DUE TO LAGS IN AVAILABILITY THIS WOULD ASSUME NEGOTIATIONS TO EXTEND BEYOND 1975 TIME LIMIT SET AT TOKYO. ARGENTINA PROVIDED COMIC RELIEF WITH ISOLATED PROPOSAL THAT EACH COUNTRY USE BEST THREE OF LAST SIX YEARS.

5. INCLUSION OF QUANTITY DATA. U.S. REVIEWED ITS PROPOSAL TABLED AT LAST MEETING TO INCLUDE QUANTITY DATA AT TARIFF LINE LEVEL; DATA WOULD BE CONTAINED ONLY IN BASIC FILES (MAGNETIC TAPES) AND NOT IN PUBLISHED TABULATIONS AND EACH COUNTRY SHOULD PROVIDE WHATEVER QUANTITY DATA IT CAN. BECAUSE OF ENLARGEMENT, EC HAS PROBLEMS WITH SUPPLYING REQUESTED DATA BUT WILL EXAMINE POSSIBILITIES. EXACT EXTENT OF EC ABILITY TO RESPOND REMAINS UNCLEAR. CANADA WILL SUPPLY, BUT NOT ON TARIFF LINE BASIS. GROUP GENERALLY SUPPORTED INCLUSION OF QUANTITY DATA.

6. UNIT OF ACCOUNT. CHAIRMAN REPORTED THAT IMF C-20 MOVING IN DIRECTION OF DEFINING SDR IN TERMS OF MIXED BASKET OF CURRENCIES. EC REFERRED TO ITS NOTE AND LIMITED OFFICIAL USE

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PAGE 04 GENEVA 03129 01 OF 02 172256Z

REMARKS AT LAST MEETING AND OFFERED CALL SDE BY "SOME OTHER NAME" IF IT WERE ADOPTED AS UNIT OF ACCOUNT FOR MTN. JAPAN, CANADA, AUSTRALIA AND NIGERIA EXPRESSED PUZZLEMENT AT WHAT EC WAS GETTING AT. THESE COUNTRIES AND SWITZERLAND SAID FOR NOW WE SHOULD FOLLOW PRACTICE OF IMF, OECD, WORLD BANK AND UN AND USE DOLLAR AS UNIT. U.S. AGREED AND SAID THERE IS NO SUBSTANTIAL PROBLEM REQUIRING DECISION BEFORE MTN CAN GO ON. U.S. THOUGHT COICE OF PARTICULAR UNIT NOT CRITICAL, THAT MORE IMPORTANT QUESTION IS HOW CONVERT NATIONAL CURRENCIES INTO WHATEVER UNIT IS USED; RATES PREVAILING IN INTERNATIONAL MARKETS WOULD BE MOST REALISTIC APPROACH AND WOULD BE CONSISTENT WITH WIDESPREAD CURRENT PRACTICE. WHEN CHAIR REMINDED GROUP TNC HAD ASSIGNED THEM TASK OF DECIDING UNIT

OF ACCOUNT, U.S. SAID NO DECISION REALLY NEEDED IF
WE FOLLOW SUGGESTION OF SEVERAL DELS TO CONTINUE CUR-
RENT PRACTICE. EC CONCERNED HOWEVER THAT MTN NEEDS
RELIABLE "YARDSTICK" FOR MEASUREMENT OF RECIPROCITY
AND THOUGHT SUGGESTIONS OF OTHER DELS NOT ADEQUATE
FOR THIS PURPOSE. GROUP FAILED LAY ITEM TO REST ONLY
BECAUSE OF EC INSISTENCE, ALTHOUGH EC WAS UNWILLING TO
PROPOSE DETAILED ALTERNATIVE TO CURRENT PRACTICE.

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PAGE 01 GENEVA 03129 02 OF 02 172301Z

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LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 3129/2

7. EXTENDING COUNTRY COVERAGE OF TARIFF STUDY. GROUP
FELT ANY COUNTRY WILLING PROVIDE DATA COULD BE INCLUDED
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PAGE 02 GENEVA 03129 02 OF 02 172301Z

IN TARIFF STUDY. HOWEVER, U.S. AND EC FELT CAPACITY
OF SECRETARIAT TO HANDLE DATA MIGHT BE LIMITING
FACTOR. GENERAL CONSENSUS WAS ANY COUNTRY
WISHING BE INCLUDED IN STUDY SHOULD NOTIFY SECRE-
TARIAT AND IF PROBLEMS ARISE FOR SECRETARIAT GROUP WILL
CONSIDER THIS QUESTION AGAIN.

8. SEPARATE COLUMN FOR TRADE UNDER REGIONAL ARRANGE-
MENTS. JAPAN REPEATED CALL FOR ADDI-
TIONAL COLUMN TO ASSESS ORIGIN OF IMPORTS FROM LDCS;
U.S. SUPPORTED. EC OPPOSED. WHEN CHAIRMAN PRODDERD
LDCS AWAKE, BRAZIL, NIGERIA, MEXICO, VENEZUELA, INDIA,
ARGENTINA THEN ASKED FOR COLUMN SHOWING HOW GSP
MODIFIED AS RESULT OF REGIONAL TRADING ARRANGEMENTS.
SECRETARIAT WILL PROCEED ALONG LINES OUTLINED IN
COM/IND/W/111 AND ADD FURTHER COLUMN IF ALTER AGREED.

9. ED TOOK TWO OPPORTUNITIES TO REINSTATE ITS
VIEW THAT GROUP 3(E) SHOULD HANDLE ALL ASPECTS OF
AGRICULTURE. THE SECOND INTERVENTION IN PART REFERRED
TO A BRAZILIAN COMMENT THAT VARIABLE LEVIES SHOULD
BE INCLUDED IN THE DATA BANK. THE U.S. MADE CLEAR
THAT THE RESPONSIBILITY OF GROUP 3(A) IN CERTAIN AREAS OF
THE WORK PROGRAM INCLUDED AGRICULTURE, SUBJECT TO
REVIEW OF THE AGRICULTURAL ASPECTS BY GROUP 3(E).

10. U.S. DID NOT RAISE IN MEETING QUESTION OF ILLUS-
TRATIVE TABULATIONS OF TARIFF NEGOTIATION FORMULAE.
IN INFORMAL DISCUSSIONS EC (DUGIMONT), STATED
IT COULD NOT AGREE TO SUCH TABULATIONS IF
U.S. MODIFICATION OF EC HARMONIZATION FORMULAE ALSO
INCLUDED AND THAT EC CANNOT AGREE TO FURTHER WORK
ON SUCH TABULATIONS UNTIL U.S. TRADE BILL IS PASSED.

11. GROUP WILL RECONVENE DURING RIST WEEK OF JULY
FOR POSSIBLE DECISIONS OR RECOMMENDATIONS ON ALL
QUESTIONS BEFORE THE GROUP AND PREPARE REPORT TO TNC.
SECRETARIAT PROMISED PROVIDE DRAFT REPORT IN ADVANCE
OF MEETING. EXACT MEETING DATE WILL BE DECIDED AFTER
COORDINATION WITH OTHER GROUPS.

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PAGE 03 GENEVA 03129 02 OF 02 172301Z

12. COMMENT: THROUGHOUT MEETING, CHAIRMAN OF GROUP GAVE APPEARANCE OF PURPOSELY LEAVING QUESTIONS UNSOLVED AND OF AVOIDING BRINGING GROUP TO CONCLUSION ON ANY ISSUE. U.S. DEL EXPRESSED DISAPPOINTMENT THAT GROUP WAS NOT MAKING DECISION ON SPECIFIC PROPOSALS WHICH HAD BEEN LAID BEFORE THE GROUP. CHAIRMAN STATED HE WAS OPERATING ON ASSUMPTION THAT DECISIONS WERE TO BE MADE BY TNC AND THAT GROUP'S FUNCTION WAS ONLY TO LAY OUT CONSIDERATIONS AND POSSIBLY RECOMMENDATIONS FOR TNC. U.S. DEL INDICATED U.S. POSITION WAS THAT DECISION WAS WITHIN PURVIEW OF TNC MANDATE TO GROUP. ABRAMS

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